



PERFORMANCE STANDARDS

Guidelines for Development and Revision

A performance standard is the expected level of performance associated with a particular performance indicator for a particular period and funding level. Performance standards are developed during the operating budget development process and established during the appropriation process. They represent the level of performance to be achieved during the fiscal year for which a budget estimate or an appropriation applies. In effect, performance standards are commitments for service; they identify the level of performance associated with the level of funding budgeted/appropriated.

Development of Performance Standards

Performance standards are derived from performance indicators, the tools used to measure the performance of programs. Performance indicators consist of two parts: indicator name and indicator value. The indicator name describes what you are measuring. The indicator value is the numeric value or level achieved within a given measurement period.

Performance standards are developed through the following phases:

- **Strategic Plan** (identification, selection, and documentation of performance indicators to be used to measure progress). Accountability begins with and is built into the strategic planning process; as goals and objectives are established, a balanced set of performance indicators is identified, selected, and validated. Performance indicators must be identified, selected, and validated in accordance with the guidelines established by the Division of Administration. Guidelines may be found in *MANAGEWARE: A Practical Guide to Managing for Results*.
- **Operational Plan and Other Budget Request Forms** (reporting of performance indicators). Strategic plans are annualized through the operational planning and budgeting process. Program goals, objectives, and performance indicators are reported in the operational plan and other budget forms, in accordance with the guidelines established by the Division of Administration. Guidelines may be found in "Operational Plan Format, Guidelines, and Instructions" and other budget form instructions, which are part of the Office of Planning and Budget's annual distribution of budget development materials. This distribution occurs on or before September 20th each year.
- **Program Narrative** (identification of performance indicator values at funding level recommended in the executive budget). Development of proposed performance standards begins with the calculation and reporting by budget units of projected program performance at the operating budget level recommended by the governor in the executive budget. During

development of the executive budget and executive budget supporting document, the Office of Planning and Budget sends to each budget unit a recommended budget dollar amount and a draft program narrative derived from the budget unit's total budget request document. Each budget unit must carefully and thoughtfully fill in the blank "recommended budget" column of performance tables with performance indicator values that accurately reflect anticipated performance/service levels at the governor's recommended funding level for the upcoming fiscal year. The performance values reported by budget units at the "recommended budget" level are subject to review by the Division of Administration before inclusion in the executive budget and executive budget supporting document.

- **Executive Budget and Executive Budget Supporting Document** (reporting of performance indicator values at the funding level recommended in the executive budget). Program performance indicators are included in both the executive budget (at the key indicator level) and executive budget supporting document (key and supporting performance indicators). For each performance indicator (key or supporting), the value (service level) shown in the "recommended budget" column of performance tables is a proposed performance standard. Performance indicators presented at prior year actual levels as general performance data are not considered proposed performance standards.
- **Appropriation Bills** (inclusion of key performance indicator names and values as proposed performance standards). Key performance indicators for each program are included in the general and ancillary appropriation bills. These key indicators consist of the performance indicator name and the performance indicator value at the funding level proposed in the bill. The performance indicator values shown in an appropriation bill represent proposed performance standards. However, performance information included in the program description and performance indicators presented as general performance information are not considered proposed performance standards. Appropriation bills, which are prepared by the Office of Planning and Budget, initially contain the same performance indicators as the executive budget. However, during the appropriation process, performance information is subject to amendment. The impact of financial amendments on performance information is tracked and performance values are adjusted to the extent possible.
- **Appropriation Acts** (establishment of performance standards). Performance standards proposed in the executive budget, executive budget support document, and appropriation bills become performance standards at the conclusion of the appropriation process. Key performance standards are the performance indicator values that appear in the general and ancillary appropriation acts. Supporting performance standards are the supporting indicator values that appear in performance tables provided to a budget unit by the Office of Planning and Budget (OPB) as an attachment to the appropriation letter for that budget unit. These indicators were first shown in the "recommended budget" column of the executive budget supporting document and were amended, to the extent possible, to reflect financial amendments during the appropriation process. (If there is a disagreement between the value for a particular key indicator as shown in an appropriation act and the value for that indicator as shown in the executive budget or executive budget supporting document, then the appropriation act takes precedence. If there is a disagreement between the value for a supporting indicator as shown in the "recommended" column of the executive budget supporting document and the "appropriated" column of the performance table supplied by the

OPB as an attachment to an appropriation letter, then the performance table takes precedence.) Actual program performance will be compared against these performance standards as part of the performance progress reporting process.

Revision of Performance Standards

Performance standards are linked inextricably with funding level. Performance standards may be revised **only** through official instruments such as August 15th performance standard adjustments and BA-7 budget adjustments.

- **August 15th Performance Standard Adjustments.** By August 15th each year, agencies may submit to the Office of Planning and Budget requested adjustments to initial performance standards **based on amounts appropriated for the new fiscal year**. Performance standards for all performance indicators—both key and supporting—are covered by this provision. Such adjustments are subject to the review and approval of the Division of Administration and the Joint Legislative Committee on the Budget.

To assist budget units in identifying performance adjustments based on initial appropriation level, the Office of Planning and Budget (OPB) provides the following information with the annual appropriation letter sent to each budget unit:

- **Program Performance Spreadsheet Tables.** A table for each objective in each program is provided. Each table identifies the agency (budget unit), program, objective, and both key and supporting performance indicator names and values for the objective. Performance indicator values include those associated with the funding level recommended in the executive budget (these values are the performance standards proposed at the beginning of the appropriation process) and those linked to the initial appropriation level (these values are performance standards).
- **Appropriation Act.** A copy of the portion of the general appropriation act or ancillary appropriation act that applies to the agency is provided.

To the extent possible, the impact of financial amendments on performance information is tracked and performance standards are adjusted during the appropriation process. However, it is not always possible to identify the performance impacts of a financial amendment during the time-constrained legislative session. The copy of the appropriation act shows amendments and gubernatorial vetoes affecting the agency. This material is provided so the agency can determine the performance impact of those financial amendments for which no performance information was available during the legislative session and request needed adjustments to performance standards. The same may be done for vetoes.

Often adjustments are revisions to existing standards. However, if an amendment provides funding for a new or expanded service, the adjustment may require new

performance indicators and standards or even new objectives with new performance indicators and standards.

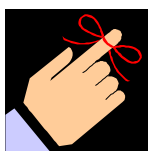
- **Performance Standard Adjustment Request Form.** Requested adjustments should be submitted on [Performance Standard Adjustment Request Forms](#). Each form must be signed by the head of the budget unit and include the name, title, and telephone number of a contact person who can answer questions about the request. The form is self-explanatory. However, questions or requests for technical assistance may be directed to the OPB Planning Section.

Budget units should review performance tables, amendments, and vetoes carefully to determine whether:

- (a) any difference in the initial appropriation amount and the funding level recommended in the governor's executive budget is sufficient to affect performance.
- (b) the performance impacts of an amendment are taken into account in all performance standards affected by the amendment. For example, the performance impact on key indicators (those included in the appropriation act) may have been identified, but the impact on supporting indicators may not have been calculated or reported. In some cases, neither key nor supporting indicators may have been adjusted during the appropriation process to reflect the performance impact of an amendment.
- (c) the performance impacts of a gubernatorial veto are taken into account in all performance standards affected by the veto.

If a budget unit determines that one or more of its performance standards at initial appropriation level should be revised **because of that initial appropriation level**, the budget unit should submit as many Performance Standard Adjustment Request forms as necessary to the OPB by August 15th of the fiscal year covered by the appropriation. Each requested adjustment must be fully justified.

Requests for adjustments to performance standards are reviewed by the OPB. Those rejected by the OPB are returned to the submitting agency, along with an explanation. Those approved by the OPB are forwarded to the Joint Legislative Committee on the Budget (JLCB) for consideration. Requests are heard and decided at a regular JLCB meeting (usually in September). The person(s) from an agency who is/are most knowledgeable about the request(s) must be present at the committee hearing to answer detailed questions. If approved by the JLCB, adjustments to performance standards in the official performance database (the Louisiana Performance Accountability System or LaPAS) are made by the OPB.



REMEMBER

All August 15 adjustment requests must apply to the same fiscal year as the appropriation and must be related to differences between the funding level recommended in the executive budget and the actual appropriation level made by the legislature. August 15 adjustment requests may not be used to request adjustments to prior year performance standards. Nor may they be

used to request adjustments to performance standards that are not related to changes in funding level. If a performance standard was miscalculated by a budget unit or based on a poor estimate or faulty data, differences between that standard and reality should be explained in performance progress reports.

- **BA-7 Adjustments.** During a fiscal year, a budget unit may find it necessary or desirable to amend its appropriation(s) or transfer allotments—that is, to increase or decrease its appropriation(s) or move funds between programs. The budget adjustment or BA-7 process is used to accomplish this change. Projected changes to performance resulting from a change or transfer of allotments must be reported on the BA-7 form and questionnaire. Adjustment of performance standards—both key and supporting—is required for changes in or transfers of budgeted funds if such fund changes or transfers impact performance.

The form entitled "BA-7 Analysis Questionnaire" must be completed in detail with **each** BA-7 submitted. Performance information must be presented in such a way that the impact of the BA-7 on program objectives and performance standards is clearly indicated. For each existing program objective affected, proposed modifications to the objective text must be presented. For each existing performance standard affected, the performance indicator name, the existing performance standard value for that indicator, and the proposed change to that standard value must be provided. If the BA-7 creates new objectives or performance indicators, then that information must be included. If the BA-7 has no performance impact, then the lack of performance impact must be explained. **If the information on the questionnaire and the BA-7 is insufficient to justify the request, the BA-7 will be returned for further information.** The person from an agency most knowledgeable about the BA-7 request must be present at the JLCB hearing to answer detailed questions. If the requested BA-7 is approved by the JLCB, then the OPB makes adjustments to performance standards in the official performance database (LaPAS).

Tracking Performance Standards and Actual Performance

The Division of Administration (DOA) is the official record keeper of performance data. The Louisiana Performance Accountability System (LaPAS), a performance database established by the DOA, allows the recording and tracking of performance standards. LaPAS provides a record of initial performance standards, approved revisions to performance standards (through the August 15th adjustment process, the BA-7 process, or any other process recognized by law or administrative procedure), and actual program performance reported through the performance progress reports. The Office of Planning and Budget is the DOA section responsible for maintaining the performance database. Any questions concerning performance standards or LaPAS should be directed to the Planning Section of the Office of Planning and Budget at [225] 342-7410.

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